

September 8, 2023

Jacey Cooper  
Chief Deputy Director, Health Care Programs  
California Department of Health Care Services  
1501 Capitol Avenue, 6th Floor, MS 0000  
Sacramento, CA 95814

Dear Ms. Cooper:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving California's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on December 30, 2022 and has a control name of CA\_Fee\_Oth2\_Renewal\_20230101-20231231.

Specifically, the following proposal for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- Uniform dollar increase established by the state for Family Planning services for the rating period covering January 1, 2023 through December 31, 2023, incorporated in the capitation rates through a risk-based rate adjustment.

This approval letter does not constitute approval of any Medicaid managed care plan contracts or rate certifications for the aforementioned rating period, or any specific Medicaid financing mechanism used to support the provider payment arrangement. All other federal laws and regulations apply. CMS reserves its authority to enforce requirements in the Social Security Act and implementing regulations, including by initiating separate deferrals and/or disallowances of federal financial participation. This approval letter only satisfies the regulatory requirement pursuant to 42 CFR 438.6(c)(2) for written approval prior to implementation of any payment arrangement described in 42 CFR 438.6(c)(1). Approval of the corresponding Medicaid managed care plan contracts and rate certifications is still required.

The state is always required to submit a contract action(s) to incorporate the contractual obligation for the state directed payment and related capitation rates that include this payment arrangement.

Note that this payment arrangement and all state directed payments must be addressed in the applicable rate certifications. Documentation of all state directed payments must be included in the initial rate certification as outlined in Section I, Item 4 of the [Medicaid Managed Care Rate Development Guide](#). The state and its actuary must ensure all documentation outlined in the Medicaid Managed Care Rate Development Guide is included in the initial rate certification. Failure to provide all required documentation in the rate certification may cause delays in CMS review. CMS is happy to provide technical assistance to states and their actuaries.

CMS is able to approve this preprint with a requirement that the state provide CY 2021 and CY 2022 evaluation findings with the state's CY 2024 preprint submission for CMS prior approval

under 42 CFR 438.6(c). Should the state have any questions, please contact the CMS Division of Quality and Health Outcomes via the [ManagedCareQualityTA@cms.hhs.gov](mailto:ManagedCareQualityTA@cms.hhs.gov) for technical assistance.

If you have questions concerning this approval or state directed payments in general, please contact [StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov).

Sincerely,



Alexis Gibson  
Acting Director, Division of Managed Care Policy  
Center for Medicaid and CHIP Services